

OFFER FOR IOWANS:

Self-perpetuating fund for services that allow low-income seniors to live at home

Offer Identifier: H_270_2F

Offer Name: Home and Community-based Services (HCBS) Revolving Loan Program Fund

This offer is: Status quo existing activity*

Result(s) Addressed: Indicator: Percentage of Iowans responding *Very Good* or *Excellent* to the question “How is your health, in general?”

Strategies: Improve Quality of Life – Community-based Services for Vulnerable Persons with Special Needs; All Iowans Have Access to Quality Care – Chronic/Long Term Care and Mitigate Against Outside Risk Factors – Adequate Food

Participants: Iowa Finance Authority and Iowa Department of Elder Affairs

Person Submitting: Michael Tramontina, Executive Director, Iowa Finance Authority

Contact Information: 242-4977 / michael.tramontina@ifa.state.ia.us

Offer Description: Appropriate the second in a series of installment investments in a revolving loan fund that will become self-perpetuating so additional appropriations eventually will not be needed. Low-interest loans, along with local and private investment, will subsidize development of community-based services. This fund expands access to affordable community service options for Medicaid-eligible people and those at risk of Medicaid eligibility. Loans can be used to develop and expand facilities and infrastructure for adult day services, respite services and congregate meal sites that allow older low-income people to remain in their homes.

Offer Justification: The state can control the growth of Medicaid long-term care expenditures and provide affordable community-based services for Medicaid-eligible consumers who would otherwise be placed in an institution. In 2002, the AARP Iowa survey found 95 percent of adults thought it was important to remain in their homes for as long as possible if they needed long-term care services. At the same time, the state has one of the highest percentages of Medicaid-eligible recipients in licensed, higher-cost institutions.

Adult day services, respite services and congregate meal sites support unpaid family caregivers and provide important preventive and long-term services for chronic health care needs. Inadequate nutrition, lack of social interaction and errors in self-administration of medications place seniors at significant risk for placement in nursing facilities. This program provides low-interest loans to fund the infrastructure needed to create cost-effective long-term care options that address all three risk factors.

* While this is an existing activity, it would be the second installment in a multi-year plan that will become self-perpetuating; eventually new funding will no longer be needed. The HCBS loan fund was authorized and funded in the FY 2005 budget with \$2 million from the Senior Living Trust with the intent that additional funds would be added each year for several years until loan repayments create sufficient revolving principal and interest to make the fund self-perpetuating.

A small state investment will create community-based options that allow older low-income people to remain in their homes. Daily meals at congregate meal sites can be subsidized through federal programs including the Older Americans Act congregate meal program and food and nutrition assistance. Health care services in adult day and respite services are provided through the Medicaid Title 19 program and 1915(c) waiver programs. However, to serve low-income seniors, an additional funding source is needed to close the funding gap related to building costs. The HCBS loan fund is designed to close the gap.

Home and community-based services provide important supports to family caregivers and offer consumers an option to nursing facility placement. The only long-term care option to which Medicaid-eligible consumers are entitled is an institution, which violates the Olmstead ruling of U.S. Supreme Court and the state Executive Order 27. The adult day services and respite service providers must agree to accept third-party reimbursement, including 1915(c) Medicaid waiver, and congregate meal sites must adhere to the standards established under the Federal Older American Act (services are targeted to older people with the greatest economic or social need, with special attention given to low-income minorities and rural older people). In a 2003 national study of congregate meal sites, the Administration on Aging found 91 percent of participants were at nutritional risk, and 58 percent received one-half or more of their daily food intake from congregate meals.

The HCBS loan fund is perfectly consistent with, by law, the intent of the Iowa Senior Living Trust because it is an investment (not an expenditure) that will provide subsidy for more than 20 years. Further, it supports the development of long term care alternatives and cost containment in the delivery of health care through the development and expansion of adult day services, respite services and congregate meal sites that allow older low-income people to remain at home.

There is no cost of administration for the state because the administrative costs are covered by initial loan fees paid by loan recipients.

**Performance
Measurement
and Target**

Initially, \$2 million will subsidize development or conversion of up to 40 projects depending on the loan amounts requested (loan amounts range from \$50,000 to 1 million). The \$2 million over a 20-year term can be re-loaned, creating up to 44 additional community service options.

Price and Revenue Source

Total Price: \$2 million

Expense Description	Amount of Expense	FTEs
Appropriation	\$2,000,000	0
Total	2,000,000	

Revenue Description	Amount
Senior Living Trust	\$2,000,000
Total	2,000,000

OFFER FOR IOWANS: *Self-perpetuating fund for affordable, service-enriched housing*

Offer Identifier: H_270_1F

Offer Name: Senior Living Revolving Loan Program Fund

This offer is: Status quo existing activity*

Result(s) Addressed: Indicator: Percentage of Iowans responding *Very Good* or *Excellent* to the question “How is your health, in general?”

Strategy: Improve Quality of Life – Safe and Healthy Living Environment for Children, Persons with Special Needs and Vulnerable Populations

Participants: Iowa Finance Authority and Iowa Department of Elder Affairs

Person Submitting: Michael Tramontina, Executive Director, Iowa Finance Authority

Contact Information: 242-4977 / michael.tramontina@ifa.state.ia.us

Offer Description: Appropriate the second in a series of installment investments in a revolving loan fund that will become self-perpetuating so additional appropriations eventually will not be needed. Low-interest loans, along with federal and private investment, will subsidize development of *permanent rental housing* (not licensed, not institutional) with community-based supportive services. This fund expands access to affordable and accessible community living options for Medicaid-eligible people and those at risk of Medicaid eligibility. Loans can be used to develop affordable assisted living and service-enriched housing for people with disabilities.

Offer Justification: The state can control the growth of Medicaid long-term care expenditures and provide an accessible and affordable community-based option for Medicaid-eligible consumers who would otherwise be placed in an institution. Assisted living facilities have proven to be a preferred living option for seniors who are ready to move out of their homes, however, the average cost in the private market is \$1,800 to \$3,500 per month, well beyond the range many seniors and people with disabilities can afford. At the same time, the state has one of the highest percentages of Medicaid-eligible recipients in licensed, higher-cost institutions. When a consumer lives in an institution, the Medicaid program pays for the cost of medical services, rent and board. In community-based care, Medicaid pays only for health-related services. With the growing Medicaid budget, it makes sense to focus spending solely on health care costs, and use other federal, state and private funding sources to pay for the costs of room and board.

An Iowa City demonstration program recently proved that *affordable* assisted living is an option; in the first nine months of operation, 10 Medicaid-eligible consumers moved out of nursing facilities to the assisted living program. Similar

* While this is an existing activity, it would be the second installment in a multi-year plan that will become self-perpetuating; eventually new funding will no longer be needed. The SLRLPF was authorized and funded in the FY 2005 budget with \$5 million from the Senior Living Trust with the intent that additional funds would be added each year for several years until loan repayments create sufficient revolving principal and interest to make the fund self-perpetuating.

developments are under construction in Ames, LeMars, Des Moines, Davenport and Adel. Additionally, existing Housing and Urban Development funded senior housing properties with frail elderly tenants are being converted to affordable assisted living in Story City, Decorah and Waukon.

A \$5 million state investment leverages more than \$20 million in other housing development subsidies. Affordable assisted living rental housing development can be funded through efficient layering of federal Low Income Housing Tax Credits, HOME loans (federal block grant funds), private mortgages and other local or private subsidies. Rents can be subsidized with HUD housing choice vouchers. Daily meals can be subsidized through federal programs including the Older Americans Act congregate meal program and food and nutrition assistance. Health care services are provided through the Medicaid Title 19 program and 1915(c) waiver programs. However, to achieve a truly affordable rent for individuals receiving supplementary security income (SSI), additional funding is needed to close the gap related to housing costs. The SLRLPF closes that gap.

Service-enriched housing provides another mainstream living option for people with disabilities who are not elderly, are capable of living independently with assistance and who have extremely low incomes, such as those on SSI. The only housing option to which Medicaid-eligible consumers are entitled is an institution, which violates the Olmstead ruling of U.S. Supreme Court and state Executive Order 27. Up to 60 percent of the service-enriched apartments and affordable assisted living programs under the tax credit program must be set-aside for very low-income individuals.

The SLRLPF is perfectly consistent with, by law, the intent of the Iowa Senior Living Trust because it is an investment (not an expenditure) that will provide subsidy for up to 30 years. Further, it supports the development of long-term care alternatives and cost containment in the delivery of health care.

There is no cost of administration for the state because administrative costs are covered by initial loan fees paid by loan recipients. Also, compliance will add no expense because the properties into which these funds are invested are already under identical compliance agreements with IFA, and monitoring is funded from fees collected on tax credits.

Performance Measurement and Target:

Initially, \$5 million will subsidize development or conversion of 124 apartment units. Income from \$5 million over a 20-year term can be re-loaned, creating an additional 200 units.

Price and Revenue Source

Total Price: \$5 million

Expense Description	Amount of Expense	FTEs
Appropriation	\$5,000,000	0
Total	5,000,000	

Revenue Description	Amount
Senior Living Trust	\$5,000,000
Total	5,000,000